Moerus Worldwide Fund

MOWIX - MOWNX

Q2 2026 Quarterly Review & Outlook

MOERUS FUNDS

Performance (%) (As of June 30, 2026)	QTR	YTD	1 Yr	3 Yr*	5 Yr*	10 Yr*	Since Inception June 1, 2016*
Moerus Worldwide Fund (Inst.)	0.14%	5.37%	23.04%	24.20%	18.68%	11.29%	11.38%
MSCI All-Country World ex USA Index (Net)[1]	14.49%	13.68%	27.66%	18.82%	8.79%	9.93%	9.67%
MSCI All-Country World Index (Net)[2]	14.93%	11.25%	23.67%	19.70%	10.98%	12.78%	12.60%

**Performance for periods longer than 1 year is annualized.*

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Returns are shown net of fees and expenses and assume reinvestment of dividends and other income. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Investment performance reflects expense limitations in effect. In the absence of such expense limitations, total return would be reduced. For performance current to the most recent month-end, please call 1-844-663-7871.

The gross total expense ratio of the Moerus Worldwide Fund Institutional Class ("the Fund") is 1.31%. The Adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, until at least March 31, 2027, to ensure that total annual fund operating expenses after fee waiver and/or reimbursement (exclusive of any taxes, brokerage fees and commissions, borrowing costs, acquired fund fees and expenses, fees and expenses associated with investments in other collective investment vehicles or derivative instruments, or extraordinary expenses such as litigation) will not exceed 1.25% for Institutional Class Shares.

Fund Performance – Q2 2026

The Moerus Worldwide Fund Institutional Class ("the Fund") returned +0.14% in the Second Quarter ("Q2"); by comparison, the MSCI All Country World ex USA ("MSCI ACWI ex USA") Net Index returned +14.49%, while the MSCI All Country World ("MSCI ACWI") Net Index returned +14.93%. In short, in Q2 the Fund generated a slightly positive return in *absolute* terms but meaningfully lagged both the MSCI ACWI ex USA and the MSCI ACWI in *relative* terms, amid an AI frenzy. Longer-term, the Fund has significantly outperformed both the MSCI ACWI ex USA and MSCI ACWI over three and five-year periods (see table above). We'll return to the Fund's performance after a review of markets in Q2.

Market Review – Q2 2026

The Second Quarter was yet another story of *haves* and *have-nots* in global equity markets, which were ebullient even in the face of ongoing events in the Middle East and their potential implications. Instead, markets remained squarely focused on the Tech sector and on how "to play" the massive sums of capital committed to building up AI infrastructure. With the hyperscalers aggressively investing hundreds of billions in capital, in Q2 the market turned its attention to various perceived beneficiaries and bottlenecks to emerge in the buildout. The tech-heavy NASDAQ Composite Index rose 22%, amid investor euphoria towards chip stocks (most notably memory and storage) that surged in Q2, with the Philadelphia Stock Exchange Semiconductor Index having its best quarter in history (+88%). Many names were up *3x or more* in Q2 (e.g. Intel, Micron, SK Hynix, Sandisk). SpaceX went public in the largest IPO ever, and the market eagerly awaited the planned U.S. listings of SK Hynix (done in July), Anthropic, OpenAI, and others. Given the frenzy to feed an increasingly capital-hungry sector, investor capital was sucked out of less popular areas. Brazil saw foreign equity investors pull money at the fastest pace in over six years in May. Precious metals-related stocks declined as yields rose and the USD strengthened, amid war-related fears of an inflationary resurgence and the *perceived* hawkishness of the new Federal Reserve Chair. Energy stocks declined along with oil prices, as the U.S. and Iran agreed to a tenuous ceasefire and

[1] *The MSCI All-Country World ex USA Index (Net) is an unmanaged index consisting of 46 country indices comprised of 22 of 23 developed markets (excluding the US) and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.*

[2] *The MSCI All-Country World Index (Net) is an unmanaged index consisting of 47 country indices comprised of 23 developed and 24 emerging market country indices and is calculated with dividends reinvested after deduction of withholding tax. The Index is shown solely for comparison purposes and the underlying holdings of the Index may differ significantly from the portfolio. The Index is a trademark of MSCI Inc. and is not available for direct investment.*

Memorandum of Understanding (MoU) that led to increased traffic through the Strait of Hormuz. However, that MoU appears to have since fallen apart, as large-scale hostilities have resumed and are ongoing at the time of this writing.

Fund Attribution – Q2 2026

Against this backdrop, the Fund was up slightly on an absolute basis, albeit while lagging the MSCI ACWI ex USA and the MSCI ACWI in Q2. As you know, we are long-term investors who do not focus on short-term relative performance. In our view, Q2 was both a frustrating and exciting period for the Fund. It was frustrating in the sense that, well, it is never fun not being invited to a party like the raucous affair that global equity markets threw for Tech stocks in Q2. By far, the largest reason why the Fund lagged its benchmark indices in Q2 was what it does *not* own: namely, stocks belonging to the Information Technology sector, whose current weightings in each benchmark are historically high as of June 30 (MSCI ACWI: 32%; MSCI ACWI ex USA: 23%). Note: if we were to include Magnificent Seven behemoths Amazon, Alphabet, Meta, and Tesla within the Tech bucket, that group's weighting would exceed 40% of the MSCI ACWI. As we have discussed before, we have avoided Tech stocks in the Fund due to our belief that the sector is, in general, priced for perfection despite an increasingly imperfect world – thereby incorporating meaningful potential downside price risk *over the long run*, in the event that currently lofty expectations are not met. But *in Q2*, the Tech sector dramatically outperformed, weighing on the Fund's relative performance. But while frustrating, we also found Q2 to be quite exciting. Why? Because we believe such extremely bifurcated market environments – ones in which there is a dramatic disparity between *what's hot* and *what's not* – have historically proven to be fertile hunting grounds for opportunities among the market's unloved and discarded, sowing the seeds of long-term performance (both absolute and relative). In that sense, Q2 was no different, with investor capital flooding AI-centric and adjacent areas (e.g., U.S. Tech, Taiwan, Korea, Japan), while pouring out of older, stodgier, unfashionable areas of global markets. As it has throughout the Fund's history, it was this latter group that again yielded numerous new opportunities for the Fund in Q2 – this time in old fashioned industries such as homebuilding, farm equipment, life insurance, and chemicals, across geographies that included the U.S., U.K., and India. We'll discuss these new opportunities in detail in our upcoming Semi-Annual Shareholder Letter, which will be out soon.

Returning to performance and moving on to what the Fund *does* own, the five most significant positive contributors to absolute performance in Q2 were IDFC First Bank, Standard Chartered, Jefferies Financial, Hammerson, and UniCredit. The five largest detractors in Q2 were Natura Cosméticos, International Petroleum, Valterra Platinum, Dundee Corp., and Tidewater. By *sector*, by far the most significant positive contributor to Q2 performance was the Fund's collection of Financials, which accounted for four of the top five individual contributors. During the quarter, the share prices of the Financials as a group were likely beneficiaries of the aforementioned ceasefire and eventual MoU, which (at the time) eased the market's concerns about the potential adverse impacts that a prolonged conflict (and closure of the Strait of Hormuz) might have on the global economy and on financial markets. As you know, the Fund is not invested based on any view or forecast of how investor sentiment – or any other market variable – might evolve from one quarter to the next. Instead, we strive to invest at discounted prices in businesses that we believe possess the ability to create significant value for shareholders over a multi-year holding period. Hence we are less focused on short-term swings in market sentiment, and much more focused on the company-specific fundamentals and investment cases of the Fund's holdings, which we believe continue to be strong and develop favorably. Each of these long-tenured Financials holdings was acquired at times when we believed they were out of favor and undervalued. Each business has benefited since then from the creation of shareholder value over many years through a variety of means such as organic growth, M&A, non-core asset sales, cost reductions, and/or shareholder distributions (dividends and share buybacks).

Take IDFC First Bank, for example. Shares of this Indian private sector bank were added to the Fund in 2019. It was a particularly challenging time for Indian banks and Non-Banking Finance Companies (NBFCs), stemming from general economic weakness in India and following the 2018 failure of IL&FS, an NBFC focused on infrastructure finance. The difficult backdrop offered the Fund the opportunity to invest at a depressed price in IDFC First Bank, one of the very few successful mergers between a Bank and an NBFC in India (IDFC Bank and Capital First Financial). To us, this combination of a newer bank (IDFC Bank) with limited legacy bureaucracy (and the costs that come with it) with a finance business (Capital First) that had an impressive track record of growth achieved by focusing on borrowers who are underserved by India's banking sector, offered the Fund an opportunity to benefit from unusually attractive long-term growth prospects at an unusually modest price. Since then, IDFC First Bank has been a meaningful contributor to the Fund's performance, despite a difficult start due to the pandemic in 2020. Since the merger in 2018, the company has grown its loan book and its customer deposits by average rates of 15% and 32% per year, respectively, while improving its cost efficiency and reducing its non-performing loan ratios. Standard Chartered and UniCredit are even longer-tenured Fund holdings, which were acquired at deep discounts to book value that belied their formidable competitive positioning. The opportunity was available due to a difficult period for both the industry (given ultra-low interest rates) and each company in particular –

owing to missteps under former management teams that led to trouble and required massive recapitalizations to clean up. The Fund got involved after the companies' balance sheets were recapitalized and new, well-regarded management teams were brought in, but the stigma very much remained as evidenced by their depressed share prices. We believed that given each bank's newly-recapitalized balance sheet and potential for meaningful improvements in profitability, there was significant potential for eventual returns of excess capital to shareholders over time. Since then, Standard Chartered and UniCredit have been significant contributors to the Fund's performance, as both companies have effectively corrected past mistakes, reduced costs, increased efficiencies, and returned prodigious amounts of capital to shareholders in dividends and share buybacks. Similarly, U.S.-based investment bank Jefferies Financial was another leading contributor in Q2 amid the improved market sentiment, but more important to us has been the growth and development of the business over the Fund's multi-year holding period. On that point, over the years Jefferies has used slumps in various parts of the world to expand its footprint in Asia, Australasia, Europe, and Latin America, taking advantage of the retrenchment of other investment banks by hiring bankers that were leaving stressed competitors. In doing so, Jefferies has built up its teams across various functional specialties and geographies, gaining market share from larger, arguably less flexible Wall Street mega-banks and smaller boutique advisory firms alike. In addition to reinvesting in its business to grow in *absolute* terms, Jefferies has also, in our view, added to *per-share* value by returning considerable capital to shareholders through sizeable share repurchases in recent years (reducing its share count by over 33% since 2017) and distributions (both ordinary and special dividends).

On the negative side, the two main detractors from performance by sector in Q2 were Energy and Materials, which together accounted for four of the five largest individual detractors. The Fund's Energy holdings (including International Petroleum and Tidewater) saw their shares decline as oil prices fell during the quarter amid the ceasefire and MoU between the U.S. and Iran (however short-lived). Materials holdings (including Valterra Platinum and Dundee Corp.) declined as higher interest rate expectations and a stronger USD weighed on the price of certain commodities (including gold, silver, and platinum). It's perhaps a bit ironic that, as capital plowed into all things AI-related in Q2, two of the areas that capital fled from are essential to the future growth of AI and various new technologies: energy and materials. In any event, while these two sectors were the Fund's primary laggards in Q2, a few points are worth highlighting. First, notwithstanding the negative Q2, these holdings are among the Fund's best performers in recent years. Specifically, International Petroleum, Tidewater, and Dundee are among the top contributors to Fund performance over the past five years, while Valterra (a newer position) is the Fund's top contributor since the start of 2025. Second, at the risk of being repetitive, we are long-term investors; we do not focus on whether oil or metals prices might rise or fall from one quarter to the next. We invested in the Fund's Energy holdings long before war in Iran, and while the headlines will certainly swing *stock prices* from one day to the next, we are much more focused on the creation of enduring *business* value for shareholders. On that point, we believe each of these holdings has performed brilliantly as businesses. International Petroleum, for example, has grown its production by 5x and its reserves by 18x since 2017, while *shrinking its shares outstanding* over that period – with massive implications for NAV *per share* growth. The company achieved this through smart, low-priced acquisitions during a depressed period for Canadian oil in 2017-18, in addition to organic growth, operational execution and share repurchases. Similarly, offshore supply vessel operator Tidewater has grown the per share value of its business dramatically since 2018 through multiple acquisitions of distressed and/or motivated sellers, a relentless focus on costs, and share repurchases. Canada's Dundee Corp. has, in our view, compiled a remarkable track record over the years in transforming its asset base from a diverse collection of interests to an investment portfolio focused on early-stage mining companies (precious and base metals) – monetizing a number of exceptionally lucrative investments in recent years (e.g. Reunion Gold/G Mining Ventures). These holdings' stock prices might have declined in Q2 – because the U.S. and Iran might have a deal, or maybe the Fed will hike rates 0.25% at the next meeting, or whatever reason – but nothing about our underlying investment theses for each has changed. On the contrary, we would argue that their investment cases have become even more attractive, in our view, given recently reduced share prices and the fact that these companies have made their living seizing investment opportunities during such temporarily depressed periods.

Moving outside of these two sectors, the largest individual detractor from performance in Q2 was Natura Cosméticos. Shares of the leading Brazil-based beauty products retailer were down roughly 16% in USD terms in Q2, driven by a Brazilian equity market that saw significant foreign investor outflows, as well as by a challenging environment for consumer spending in Brazil (given high interest rates and inflation) that has weighed on the company's results, as Natura management continues to streamline the business and get back to focusing on its core brands – making progress that we believe shareholders will ultimately benefit from over the long run. We have recently added to the Fund's position.

Fund Outlook

It is anybody's guess how the current conflict in the Middle East will play out. Absent a lasting resolution that reopens the Strait of Hormuz, the potentially adverse impacts to the price and sufficient supply of not just crude oil, but various other commodities including natural gas, LPG used in cooking across Asia, jet fuel, diesel, fertilizer, aluminum, and helium used in critical high-tech applications are significant. While the U.S. is relatively less reliant on an open Strait of Hormuz than are parts of Asia, Europe and elsewhere – and has therefore been somewhat shielded from the worst impacts *thus far* – it seems likely to be merely a matter of time before rising commodity prices are more strongly felt closer to home. Higher gasoline prices act as a tax on consumers, with implications throughout the economy. Rising prices for diesel and nitrogen fertilizers could translate into increased agricultural costs and potentially higher food inflation. Higher prices and potential shortages could negatively impact economic activity and also throw cold water on pre-war hopes of further Fed interest rate cuts. Markets are increasingly pricing in potential rate *hikes*, which could weigh on various areas (housing, autos, consumer durables, private credit, etc.). On the other hand, if a lasting agreement is reached and the Strait of Hormuz reopened, these risks might be meaningfully mitigated. As always, our crystal ball is no clearer than anybody else's, and thus forecasting is hardly of any interest to us as a long-term investor, except to the extent that the fallout from volatility in *near-term* market expectations provides attractive investment opportunities from a *longer-term* perspective. The current conflict in Iran and across much of the Middle East is no different, nor is the ever-changing landscape surrounding tariffs, nor the seemingly daily geopolitical ructions elsewhere that preceded the Iran war (re Venezuela, Ukraine, Greenland, Cuba, etc.). Not surprisingly, we are all being bombarded by a lot of noise and constant prognostications of how this conflict will play out and ultimately be resolved, with market sentiment swinging wildly from one headline to the next. Needless to say, we are not confident in anybody's ability to accurately predict the future.

Instead, we intend to maintain our long-term focus and seek to take advantage of the opportunities made available by heightened volatility that seems likely to continue. Although sometimes unpleasant, we believe such volatility is more *friend* than *foe* to the long-term, price-conscious investor, and that our long-term focus is one of the notable advantages that we have during highly volatile periods. For the many other investors who are highly short-term focused, volatility is their enemy, as it could result in forced or motivated selling at discounted prices that may not appropriately reflect longer-term, fundamental values. This often creates opportunities for the patient, long-term, price-conscious investor who is willing and able to tolerate day-to-day volatility in order to obtain compelling bargains over the long run. Over the years, previous periods of extreme market turmoil (e.g., Asian Financial Crisis, Global Financial Crisis, European Sovereign Debt Crisis, the pandemic, etc.) ultimately proved to have provided exceptional long-term buying opportunities for those who were able to be patient and stay focused on valuation, fundamentals, and the mitigation of the risk of permanent capital impairment. We believe that it is during such times that the seeds of attractive long-term capital appreciation are planted, and our goal is to take advantage of the fleeting opportunities that such volatility provides. Furthermore, relative to our past years of experience, we see less competition for the deep value, out-of-favor opportunities that we seek – perhaps as a result of both attrition among the ranks of value investors in recent years, as well as style drift towards Growth among those who have modified their approach amid a long period of outperformance by Growth strategies. We believe these factors bode well for the Fund's investment approach looking forward. Many thanks for your continued support.

Current and future portfolio holdings are subject to change and risk.

Top ten holdings as of 6/30/26 as a % of the Fund's net assets: Natura Cosméticos SA (4.29%), Greenfire Resources Ltd (3.29%), Grupo Financiero Galicia SA (3.24%), Exor NV (3.17%), Cromwell Property Group (3.09%), LATAM Airlines Group (2.92%), CNH Industrial NV (2.91%), Dundee Corp. (2.90%), Jefferies Financial Group (2.89%), and Barratt Redrow PLC (2.84%).

Risk Disclosures: Investing in Mutual Funds involves risks including the possible loss of principal and there can be no assurance that any investment will achieve its objectives. International and in particular, emerging country and frontier market investing involves increased risk and volatility due to currency fluctuations, economic and political conditions, and differences in financial reporting standards.

A current Fund Fact sheet can be found on the Moerus Capital Management website.

You should carefully consider the Moerus Worldwide Fund's investment objectives, risks, charges and expenses carefully before you invest. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 1-844-MOERUS1 or visiting www.moeruscap.com. The prospectus should be read carefully before investing.

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